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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/916,881	07/27/2001	Scot D. Wilce	G08.001	8938

28062   7590   10/21/2008
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EXAMINER
LIVERSEDGE, JENNIFER L

ART UNIT	PAPER NUMBER
3692	

MAIL DATE	DELIVERY MODE
10/21/2008	PAPER

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

———————————

Ex parte SCOT D. WILCE, VINCENT A. GEORGE, HIEN Q. NGUYEN,
DONNA L. CONTI, PATRICK E. HARRIS and DONNA M. MANSFIELD

———————————

Appeal 2008-1573
Application 09/916,881
Technology Center 3600

———————————

Decided: October 21, 2008

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Before: LINDA E. HORNER, DAVID B. WALKER and
STEVEN D.A. McCARTHY, *Administrative Patent Judges.*

McCARTHY, *Administrative Patent Judge.*

DECISION ON APPEAL

1   STATEMENT OF THE CASE

2   The Appellants appeal under 35 U.S.C. § 134 (2002) from the final

3   rejection of claims 1-13, 15, 16, 18 and 37-45. We have jurisdiction under

1   35 U.S.C § 6(b) (2002). We REVERSE.

2   The claims on appeal relate to facilitating definition of a transaction

3 agreement between a party and a counter-party via an agreement modeling

4 system. (Spec. 2, ll. 21-23.) Claim 1 is typical of the claims on appeal:

5   1.   A method for facilitating definition of

6   a transaction agreement associated with a plurality

7   of different product types, comprising:

8   automatically determining an agreement

9   type based on the plurality of product types and a

10   covered products matrix, wherein the covered

11   products matrix includes a plurality of covered

12   product types and, for each covered product type, a

13   plurality of transaction instruments; and

14   determining, in accordance with the

15   agreement type, an agreement term between a

16   party and a counter-party.

17

18   ISSUES

19   The issues in this appeal are whether the Appellants have shown that

20 the Examiner erred by:

21   rejecting claims 42-45 under 35 U.S.C. § 102(e) (2002)

22   as being anticipated by Axelrad (Publ. US 2002/0188539 A1,

23   publ. 12 Dec. 2002);

24   rejecting claims 1-3, 5-11 and 15 under 35 U.S.C.

25   § 103(a) (2002) as being unpatentable over Axelrad;

26   rejecting claims 16, 18 and 37-41 under § 103(a) as being

27   unpatentable over Reid (Publ. US 2002/0178120 A1, publ. 28

1   Nov. 2002);[1] and

2   rejecting claims 4, 12 and 13 under § 103(a) as being

3   unpatentable over Axelrad and Wohlstadter (Publ. US

4   2002/0198833 A1, issued 26 Dec. 2002).

5   These issues turn, at least in part, on whether Axelrad or Reid disclose

6   or suggest determining an agreement type based on a covered products

7   matrix which includes a plurality of covered product types and, for each

8   covered product type, a plurality of transaction instruments.

9

10   FINDINGS OF FACT

11   The record supports the following findings of fact ("FF") by a

12   preponderance of the evidence.

13   1.   Axelrad discloses a system for private equity fund formation.

14   (Axelrad 1, ¶ 0003.) The system is embodied in an electronic network

15   including an application server. (Axelrad 2, ¶ 0024.)

16   2.   The application server includes an equity fund application.

17   (Axelrad 2, ¶ 0025.) The equity fund application includes an agreement

18   engine which automates the creation of financial agreements such as

19   subscription agreements for a private equity fund. (Axelrad 2, ¶¶ 0027 and

20   0029.)

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[1]   The Final Office Action mailed July 11, 2006 purported to reject
claims 16, 18 and 37-41 under § 102(e) as being anticipated by Reid. (*Id.* at
8). The Appellant pointed out the error in the statutory basis for the
rejection in a footnote on page 4 of the Appeal Brief filed December 18,
2006. The Examiner identified the statutory basis for this rejection as
§ 103(a) on page 8 of the Examiner's Answer mailed March 9, 2007.

1   3.   At the beginning of Axelrad's agreement generation process,

2   the user selects a private equity fund from a fund family. (Axelrad 5,

3   ¶ 0053.) The agreement engine presents questions to the user depending on

4   the fund type, the subscriber type (such as individual or corporate) and the

5   state of the securities laws at the time of creation of the agreement. (Axelrad

6   5, ¶ 0053-54.) After the user has completed the questions, the agreement

7   engine produces an agreement that incorporates the user's answers and

8   appropriate legal text. (Axelrad 5, ¶ 0054.)

9   4.   Axelrad teaches that a user may click on a link on a fund family

10   home page to view a web page that lists all fund families available to the

11   user. (Axelrad 3, ¶ 0035.)

12   5.   Reid teaches a contract generation and administration system

13   for the entire life cycle of a contract. (Reid 1, ¶ 0005.)

14   6.   The system includes a contract database. (Reid 2, ¶ 0022.)

15   7.   The contract database may be used for any type of contract

16   document including those relating to all types of goods and services as well

17   as intellectual property. (Reid 2, ¶ 0024.)

18   8.   The contract database is designed to track specific obligations

19   in relation to their due dates or corresponding obligation triggering events.

20   (Reid 2, ¶ 0025.)

21   9.   Data relating to each contract is organized and entered into the

22   contract database according to predefined fields. Such fields include a field

23   for agreement type. (Reid 2, ¶ 0026 and 3, ¶ 0028.)

24   10.   Reid teaches a method including the step of drafting an

25   agreement or receiving a draft agreement. (Reid 4, ¶ 0042.) The drafting

26   step may be as simple as entering basic information into the contract

1 database or into some other database or form. (Reid 4, ¶ 0043.) Reid also

2 contemplates an attorney drafting the agreement or initially reviewing a draft

3 proposed by another party. (*Id.*)

4   11.   Wohlstadter suggests that transaction instruments may include

5 puts, calls, straddles, options or privileges on any security, certificate of

6 deposit or group or index of securities or futures or derivatives.

7 (Wohlstadter 1, ¶ 0006.)

8

9   PRINCIPLES OF LAW

10   "To anticipate a claim, a prior art reference must disclose every

11 limitation of the claimed invention, either explicitly or inherently." *In re*

12 *Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). A claim is unpatentable

13 for obviousness under 35 U.S.C. § 103(a) if "the differences between

14 the subject matter sought to be patented and the prior art are such that the

15 subject matter as a whole would have been obvious at the time the invention

16 was made to a person having ordinary skill in the art to which said subject

17 matter pertains." In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the

18 Supreme Court set out factors to be considered in determining whether

19 claimed subject matter would have been obvious:

20

21   Under § 103, the scope and content of the prior art
22   are to be determined; differences between the prior
23   art and the claims at issue are to be ascertained;
24   and the level of ordinary skill in the pertinent art
25   resolved. Against this background, the
26   obviousness or nonobviousness of the subject
27   matter is determined.

28

29 *Id.*, 383 U.S. at 17.

1   ANALYSIS

2   *A.   The Rejection of Claims 42-45 Under § 102(e)*

3   Claims 42-44 recite expressly or by dependency an apparatus

4   including a storage device storing instructions adapted to be executed to

5   automatically determine an agreement type based on the plurality of product

6   types and a covered products matrix. Claim 45 recites a medium storing

7   instructions adapted to be executed to automatically determine an agreement

8   type based on a plurality of product types and a covered products matrix.

9   We agree with the Appellants (App. Br. 4-5) that Axelrad does not disclose

10   an apparatus or storage medium meeting these limitations.

11   The first step in our analysis is to determine the scope of claims 42

12   and 45. "During examination, 'claims . . . are to be given their broadest

13   reasonable interpretation consistent with the specification, and . . . claim

14   language should be read in light of the specification as it would be

15   interpreted by one of ordinary skill in the art." *In re American Acad. of*

16   *Science Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). We construe the

17   step of automatically determining an agreement type based on the plurality

18   of product types and a covered products matrix as requiring that the

19   agreement type be determined on the basis of two or more product types

20   rather than merely on the basis of a single product type selected by a user.

21   The preamble of claim 42 recites an apparatus for facilitating

22   definition of a transaction agreement "associated with a plurality of different

23   product types." The preamble of claim 45 recites a medium for storing

24   instructions adapted to be executed to perform a similar method. "In

25   general, a preamble limits the invention if it recites essential structure or

26   steps, or if it is 'necessary to give life, meaning, and vitality' to the claim."

1   *Catalina Marketing Int'l, Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801, 808

2   (Fed. Cir. 2002).

3   For example, the dependence of an element recited in the body of a

4   claim for antecedent basis on a term recited in a disputed preamble phrase

5   indicates that the preamble phrase is to be regarded as limiting the scope of

6   the claim. Such dependence indicates reliance on both the preamble and the

7   body of the claim to define the subject matter. *Id.* The dependence of the

8   term "the plurality of product types" for antecedent basis on the recitation

9   that the transaction agreement is associated with a plurality of different

10   product types indicates that the term "transaction agreement associated with

11   a plurality of different product types" is intended to limit the step of

12   automatically determining the agreement type. The preamble limits this step

13   by requiring that the agreement type be determined on the basis of the

14   plurality of product types and not on the basis of a single product type. The

15   Examiner has not identified any statement in the Appellants' Specification

16   requiring a broader construction of claims 42 and 45.

17   Next, we turn to the interpretation of the term "covered products

18   matrix" as used in claims 42 and 45. Unless defined otherwise in the

19   specification, the words of a claim during examination are to be given their

20   broadest reasonable meaning as they would be understood in their ordinary

21   usage by those of ordinary skill in the art. *In re Morris*, 127 F.3d 1048,

22   1054 (Fed. Cir. 1997). The ordinary usage of the word matrix is broad

23   enough to include a rule which associates a vector or row of information

24   with each element of another vector or column. More precisely, a "covered

25   products matrix" would be a rule which associates one or more items of

26   information with each product type of a list containing one or more product

1 types covered by a transaction agreement. No reasonable interpretation of

2 the term "covered products matrix" would be broad enough to cover a list of

3 covered product types with no such rule associating the covered product

4 types with other information.

5   This definition is consistent with the language of claims 42 and 45;

6 the language of other claims in the application before us; and the Appellants'

7 Specification. We note that claims 42 and 45 recite both a plurality of

8 product types and a covered products matrix. This implies that the term

9 "covered products matrix" is not coextensive with the term "plurality of

10 product types." This distinction supports limiting the scope of the term

11 "covered products matrix" to a rule which associates other information with

12 one or more product types. The Specification states that, "[a]s used herein,

13 the phrase 'covered products matrix' may refer to, for example, any stored

14 indication of transaction instruments (*e.g.*, swaps, options, and forwards) and

15 product types (*e.g.*, stocks, bonds, and credit derivatives) in connection with

16 a particular agreement." (Spec. 27, ll. 23-26.) While this statement falls

17 short of being a definition due to its self-characterization as an example, the

18 statement is consistent with the interpretation which we apply to the term

19 "covered products matrix." Nowhere does the Specification identify a list of

20 product types as a covered products matrix.

21   The second step in our analysis is to determine whether Axelrad

22 discloses a storage device storing instructions adapted to be executed by a

23 processor to automatically determine an agreement type based on the

24 plurality of product types and the covered products matrix. To this end, we

25 note that Axelrad determines an agreement type, namely, a fund type, based

26 on a single product type, namely, the private equity fund selected by the

1   user. (*See* FF 3.) The Examiner has identified no disclosure in Axelrad

2   suggesting stored instructions for determining an agreement type based on a

3   plurality of product types.

4   The Examiner finds that the list of available products available for

5   viewing by the user is a covered products matrix. The Examiner reasons

6   that a list of available products would arrange the products in rows such that

7   each row would include information such as a formal product name, an

8   abbreviated product name, a description of the product, a price for the

9   product, and the number of years since the commencement of the product.

10   (Ans. 14.)

11   We disagree with the Examiner's characterization of the list of all

12   fund families available to the user. Even assuming for purposes of this

13   appeal only that Axelrad discloses determining an agreement type based on

14   this list, Axelrad does not expressly disclose that the list includes any

15   information other than a name or other identifier for each fund family

16   available to the user. Since the list could be limited to the names of the

17   available fund families only, it does not inherently include other information

18   which might be related to the fund families as a matrix. Even assuming for

19   the sake of this appeal only that the Axelrad's server determines an

20   agreement type based on the list of all fund families, that list of all fund

21   families is not a covered products matrix within the scope of claims 42 and

22   45. Therefore, we do not sustain the Examiner's finding that Axelrad

23   discloses structure storing instructions adapted to be executed to

24   automatically determine an agreement type based on a covered products

25   matrix. On the record before us, the Appellants have shown that the

1   Examiner erred in rejecting claims 42-45 under § 102(e) as being anticipated

2   by Axelrad.

3

4   *B.   The Rejection of Claims 1-3, 5-11 and 15 Under § 103(a)*

5   Claim 1 requires that the agreement type be automatically determined

6   based on a plurality of product types and a covered product matrix, wherein

7   the covered products matrix includes a plurality of covered product types

8   and, for each covered product type, a plurality of transaction instruments.

9   The Examiner concedes that this feature is not taught by Axelrad. (Ans. 5.)

10   The Appellants contend that the teachings of Axelrad would not have

11   suggested a covered products matrix (Reply. Br. 2) or the step of

12   determining an agreement term in accordance with an agreement type

13   determined based on a plurality of product types and a covered products

14   matrix (App. Br. 6). We agree with the Appellants that the Examiner has not

15   articulated reasoning having rational underpinnings sufficient to support the

16   conclusion that the subject matter of claim 1 would have been obvious.

17   We construe the step of automatically determining an agreement type

18   based on the plurality of product types and a covered products matrix as

19   used in claim 1 consistently with our construction of the analogous step in

20   claims 42 and 45. Thus, we interpret the step to require determining the

21   agreement type based on two or more product types together rather than

22   based on a single product type. We interpret the term "covered products

23   matrix" as a rule which associates one or more transaction instruments with

24   each product type covered by the agreement.

25   The Examiner concludes that "it would be obvious . . . . that as

26   Axelrad discloses a plurality of covered product types, that the variety could

1   include a variety of transaction instruments." (Ans. 5.) Alternatively, the

2   Examiner concludes that it would have been obvious to use Axelrad's

3   system to automate the creation of agreements for transactions in financial

4   products and instruments other than subscriptions to private equity funds:

5   "it would be obvious . . . that the same process and method could be

6   incorporate[d] for any type of financial instruments in which users select

7   from choices available for any variety offered by a sponsoring organization."

8   (*Id.*)

9   Regardless whether the teachings of Axelrad are applied to the sale of

10   subscriptions to private equity funds or to other types of financial products,

11   Axelrad only discloses a system which determines an agreement type based

12   on a user's selection of a single product type to be covered by the agreement.

13   (*See* FF 3.) Axelrad does not disclose or suggest a system which determines

14   an agreement type based on a plurality of product types. The reasoning

15   articulated by the Examiner does not extend to explaining why one of

16   ordinary skill in the art might have modified Axelrad's system to determine

17   an agreement type based on a plurality of product types. On this basis, we

18   do not sustain the Examiner's conclusion that the subject matter of claim 1

19   would have been obvious from the teachings of Axelrad.

20   Similarly, Axelrad does not disclose a system which determines an

21   agreement type based on a covered products matrix. The reasoning

22   articulated by the Examiner does not extend to explaining why one of

23   ordinary skill in the art might have modified Axelrad's system to determine

24   an agreement type based on a covered products matrix as opposed to making

25   the determination on the basis of a single transaction instrument for a single

26   product type selected by the user. On this additional basis, we do not sustain

1   the Examiner's conclusion that the subject matter of claim 1 would have

2   been obvious from the teachings of Axelrad.

3   On the record before us, the Appellants have shown that the Examiner

4   erred in rejecting claim 1 under § 103(a) as being unpatentable over Axelrad.

5   Since claims 2, 3, 5-11 and 15 depend from claim 1, the Appellants likewise

6   have shown that the Examiner erred in rejecting claims 2, 3, 5-11 and 15

7   under § 103(a). *In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992)

8   (dependent claims are nonobvious if the independent claim from which they

9   depend is nonobvious).

10

11   *C.   The Rejection of Claims 4, 12 and 13 Under § 103(a)*

12   Claims 4, 12 and 13 depend ultimately from claim 1. As noted in the

13   previous section of this opinion, we do not sustain the Examiner's

14   conclusion that the subject matter of claim 1 would have been obvious from

15   the teachings of Axelrad. The Examiner cites Wohlstadter solely for the

16   disclosure of various types of instruments. (*See* Ans. 12; FF 11.) The

17   Examiner does not articulate an apparent reason why the combined

18   teachings of Axelrad and Wohlstadter would have suggested modifying

19   Axelrad's system to automatically determine an agreement type based on a

20   plurality of product types and a covered products matrix. On the record

21   before us, the Appellants have shown that the Examiner erred in rejecting

22   claims 4, 12 and 13 under § 103(a).

23

24   *D.   The Rejection of Claims 16, 18 and 37-41 Under § 103(a)*

25   Claim 16 recites a method which includes the step of evaluating an

26   agreement type and an agreement term based on a plurality of financial

1   product types and a covered financial products matrix. We interpret the term

2   "covered products matrix" consistently with our interpretation of the term as

3   used in claims 1 and 42, that is, as a rule which associates one or more items

4   of information with each product type covered by the agreement.

5   Reid teaches a contract generation and administration system

6   including a contract database. (FF 5 and 6.) The contract database may be

7   used for any type of contract document including those relating to all types

8   of goods and services as well as intellectual property. (FF 7.) Reid does not

9   disclose the use of the contract database to generate or administer transaction

10   agreements associated with pluralities of covered financial products.

11   Hence, Reid does not teach the use of the contract database to

12   evaluate agreement types and agreement terms based on pluralities of

13   covered financial products and covered products matrices. Furthermore, the

14   Examiner articulates no reasoning having rational underpinnings suggesting

15   why it would have been obvious to modify Reid's contract database to

16   evaluate an agreement type and an agreement term based on a covered

17   products matrix.

18   The Examiner states that Reid teaches the use of a covered products

19   matrix by teaching that a database record including a number of fields for

20   storing data such as that described in paragraph 0005 of Reid or a web page

21   including a list of fields for data entry such as those illustrated in Figs. 7, 8

22   and 11 of Reid result, broadly speaking, in matrices. (Ans. 16.) We do not

23   agree that a list of data records for use in entering information concerning

24   the formation and execution of a contract as described in paragraph 0005; an

25   event schedule as illustrated in Fig. 7; an invoice schedule as illustrated in

26   Fig. 8; or an obligation summary as illustrated in Fig. 11, even if presented

1   in tabular form, would have suggested evaluating an agreement type and an

2   agreement term of a transaction agreement associated with a plurality of

3   financial product types based on a covered products matrix.

4   On the record before us, the Appellants have shown that the Examiner

5   erred in rejecting claim 16 under § 103(a) as being unpatentable over

6   Axelrad. Since claims 18 and 37-41 depend from claim 16, the Appellants

7   likewise have shown that the Examiner erred in rejecting claims 18 and 37-

8   41 under § 103(a). *Fritch.*

9

10   CONCLUSIONS

11   On the record before us, the Appellants have shown that the Examiner

12   erred in rejecting claims 42-45 under § 102(e) as being anticipated by

13   Axelrad; rejecting claims 1-3, 5-11 and 15 under § 103(a) as being

14   unpatentable over Axelrad; rejecting claims 16, 18 and 37-41 under § 103(a)

15   as being unpatentable over Reid; and rejecting claims 4, 12 and 13 under

16   § 103(a) as being unpatentable over Axelrad and Wohlstadter.

17

18   DECISION

19   We REVERSE the rejections of claims 1-13, 15, 16, 18 and 37-45.

20

21   <u>REVERSED</u>

22

23

24

25

26

1

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